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Chairperson: Ms. Lintonen ..... (Finland)

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The meeting was called to order at 10 a.m.

Statement by the Chairperson

1. **The Chairperson** said that the equitable and sustainable development of all countries required effective and timely realization of the United Nations development agenda and its internationally agreed development goals, including the Millennium Development Goals. Attainment of those Goals was still a long way off, particularly in Africa. At the Economic and Social Council's first Annual Ministerial Review, held during its 2007 high-level segment, Member States had issued an unequivocal call for those Goals to be implemented. Renewed efforts were needed.

2. The Secretary-General's High-level Event on Climate Change had accorded sustainable development the high priority it deserved, leading to the General Assembly's general debate under the theme "Responding to climate change". Globalization had created new opportunities but also new challenges requiring multilateral action. The United Nations was the organization best placed to address common concerns, provided the political will and a commitment to multilateralism were there.

3. She drew attention to the Triennial Comprehensive Policy Review and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, to be held in Doha in 2008. The Committee had a key role to play, with regard to the former, in providing clear guidance on how to promote greater coherence, effectiveness and efficiency in the operational activities of the United Nations system and, with regard to the latter, in setting the stage for a successful review. She was confident that the spirit of Monterrey would guide the Committee's deliberations in that regard.

4. As in previous years, the Committee would also consider issues relating to groups of countries in special situations, such as the least developed countries, landlocked developing countries and small island developing States. In that regard, she urged the Committee to focus its resolutions on actions, as such countries urgently needed tangible results.

5. Lastly, she noted that the Bureau and the Department of Economic and Social Affairs had organized a number of special events on a wide range of issues. She hoped that Committee members would benefit from the presence of distinguished scholars, practitioners and policymakers at those events.

Statement by the Deputy Secretary-General

6. **Ms. Migiro** (Deputy Secretary-General) said that her presence at the meeting attested to the Secretary-General's strong and unequivocal support for the Committee and to his firm and abiding commitment to strengthening the Organization's role in promoting its development agenda. To achieve that, Member States, the Secretariat and all other stakeholders must work hand in hand. In that regard, she had launched an informal consultative process with the heads of departments, funds and programmes dealing with economic, social and development-related issues. That process would feed into the Secretary-General's leadership role and provide him with sound policy advice on the development agenda.

7. Despite turbulence in the financial markets, the overall outlook of the world economy showed positive signs. The situation in many developing countries, however, remained highly fragile. Global poverty was among the most pressing issues, trapping millions of children, women and men of all races, religions and creeds. However, nowhere was its grip as tight and structurally rooted as in Africa. Millions of lives quite literally hung in the balance. Sharp social and economic disparities in the global economy persisted, impacting negatively on the fight against extreme poverty and making the collective endeavour to achieve the Millennium Development Goals by 2015 an even harder task. The Secretary-General and she herself were deeply committed to further advancing the Organization's leadership in promoting the development agenda. A stronger United Nations needed a stronger development pillar.

8. The best way to effectively address the many complex challenges facing an increasingly globalized world was a multilateral approach. The Committee was a prime example of multilateral development in action. It had played a central role in advancing the development debate from competing paradigms to collective commitments within a common vision. The global summits and conferences had produced an ambitious development agenda with a set of internationally agreed development goals, including the Millennium Development Goals, and a shared framework for achieving them. The Committee had

made defining contributions to those momentous achievements.

9. The success of the Committee's work in the coming weeks was critical. Of particular concern was the risk that imbalances in the global economy posed to the recent economic recovery of a large number of developing countries and to the prospects of countries moving from conflict to reconstruction and development. More effective and inclusive multilateral policy coordination, accompanied by measures to keep markets open, could be a major contribution not only to development and the advancement of the Millennium Development Goals but also to an orderly evolution of the world economy. Such efforts should focus on countries with special needs, such as African countries, the least developed countries, landlocked developing countries and small island developing States, and on vulnerable segments of the population everywhere, particularly women and children. Many African countries were not on track to reach the Millennium Development Goals. The Secretary-General had recently convened the Millennium Development Goals Africa Steering Group, which brought together leaders of major multilateral and intergovernmental organizations. In her capacity as Deputy Secretary-General, she was following up that initiative at the operational level by chairing the Millennium Development Goals Africa Working Group. The Working Group's aim was to accelerate efforts to follow through on existing promises by keeping its focus clearly on implementation. It would work together with other stakeholders towards improving aid predictability and effectiveness, and strengthen its joint actions at the country level by using multilateral development cooperation more efficiently and coherently to help implement commitments in key areas. In that regard, the Economic and Social Council's ministerial review of progress towards development goals, held in July 2007, had made important strides in advancing their implementation. Collective efforts would bear fruit only if all stakeholders kept their promises. In that common endeavour, there must be a renewed commitment to the guiding principles agreed by all in Monterrey.

10. Developing countries had a responsibility to create a favourable environment for long-term and equitable economic growth and to take full ownership of their development process. There had been encouraging progress in that area. The Association of Southeast Asian Nations (ASEAN), had become a dynamic geopolitical entity that drove its members' social progress and economic growth. Africa had its New Partnership for Africa's Development (NEPAD), its own development blueprint. Strong international support, in the framework of South-South cooperation and North-South partnerships, was essential to that initiative's success.

11. Donors must do more to keep their promises to increase development assistance flows and debt relief. Despite the strong commitments made in 2005, ODA flows had declined in 2006 and might continue to decline in 2007 as well. That trend must be reversed. Of equal importance was the quality, modality and effectiveness of aid. Further efforts should be made in that regard, building on the Paris Declaration on Aid Effectiveness. The Development Cooperation Forum's potential should be fully used in addressing some of those issues.

12. Foreign aid was not enough. Open, equitable and non-discriminatory trading and financial systems were equally critical to developing countries' prospects. The Doha Round must conclude early with a meaningful development package. Aid-for-trade must effectively support countries so as to create competitive trade capacities and job opportunities. The power of investment and new and innovative technologies must be better channelled to improve human conditions everywhere. Such issues would be central to the twelfth session of the United Nations Conference on Trade and Development (UNCTAD XII) and to the Follow-up International Conference on Financing for Development to be held in 2008, which would provide major opportunities to further advance the trade, finance and development agenda.

13. The dramatic rise in South-South trade testified to the growing importance of regional and interregional economic linkages. The United Nations must improve its focus on such issues. Consideration must also be given to the development dimensions of climate change. The international community must redouble its efforts to tackle climate change effectively and keep it from undermining socio-economic progress.

14. The Organization's capacity to better deliver programmes at the country level would be addressed under the Triennial Comprehensive Policy Review of operational activities. The Committee's guidance would greatly contribute to improved and more

coherent delivery by the United Nations system. She trusted that its deliberations would contribute to the consultations on system-wide coherence that the President of the General Assembly intended to conduct in order to strengthen the Organization's operational activities. On a broader level, coherence would demand not only that United Nations agencies worked in greater concert, but also that all stakeholders worked ever more closely together to advance the development agenda.

15. In order to summon up humanity's best efforts, a coalition of conscience was needed, backed by rededicated and resolute action, in order to achieve all internationally agreed development objectives, in particular the admittedly ambitious Millennium Development Goals. The international community had the resources at its command to achieve that ambition. It simply could not afford to fail. She was confident that the Committee's work in the coming weeks would further contribute to that critical imperative.

Statement by the Under-Secretary-General for Economic and Social Affairs

16. **Mr. Sha** Zukang (Under-Secretary-General for Economic and Social Affairs) said that the current situation in the world economy might pose a risk to global stability and to the implementation of the development agenda. The global financial turmoil was still unfolding. While its outcome was still unknown, the risks seemed to have increased. The global growth projection for 2007, as presented in the *World Economic Situation and Prospects 2007*, remained at 3.4 per cent — a marked slowdown from previous years. The projection for 2008 might have to be downgraded further in view of the recent financial turbulence and weakened growth in the United States. The Department of Economic and Social Affairs had repeatedly stressed the need to address global imbalances in a gradual and coordinated way and yet no serious action had been taken. Changes in market sentiments and investor confidence could trigger a hard landing for the dollar and a disorderly adjustment of global imbalances, threatening prospects for the global economy and future growth.

17. In recent months, central banks in the major developed countries had adjusted monetary policy. However, national policy initiatives alone could not effectively address the deeper roots of the problem. The global economy desperately needed effective multilateral surveillance of macroeconomic policy coordination and collective action, involving all the major players from developed and developing countries. The slowdown in global growth put all economies at risk, particularly developing countries, many of whom remained highly dependent on the demand for their products in industrialized countries and on commodity price levels. Any marked decrease in their earnings would severely affect the resources available for making the investments needed to achieve the Millennium Development Goals and other internationally agreed development goals. Goal 8 of the Millennium Development Goals committed the international community to a global partnership for development. Each country assumed responsibility for its own development, devising national strategies and mobilizing domestic resources. Developed countries provided assistance and, together with all other stakeholders, should help create an enabling international environment. The follow-up process to Monterrey was a major mechanism for strengthening that partnership in practice. Two critical opportunities lay ahead, starting with the General Assembly's High-level Dialogue on Financing for Development later that month. The Dialogue would concentrate on progress made on the six components of the Monterrey Consensus. So far, the overall picture was mixed.

18. On the positive side, many developing countries, including many of the least developed ones, had achieved growth in trade. ODA levels had seen some improvement since 2002, including new commitments, such as those made in Gleneagles. However, despite the advent of new donors, ODA seemed to have declined since the previous year. Debt relief had also made good progress in a number of cases, but much more needed to be done.

19. More prudent macroeconomic policies and structural adjustments had not always yielded the growth, job creation and increased efficiency in social spending needed to make adequate progress towards the Millennium Development Goals. Private resource flows had been uneven and were exposing some developing countries to greater risks. Significant challenges remained both in realizing the Doha Round's development dimension and in putting all low-income countries on a sustainable path to debt repayment. ODA levels still fell far short of targets. It was important to ensure sufficient and predictable flows channelled through national budgets.

Unfortunately, there was little progress to report on increasing developing country voice and participation in the international financial institutions.

20. The Follow-up International Conference on Financing for Development to be held in Doha in late 2008 would provide an opportunity to review progress and get firmly on track, while addressing new challenges and emerging issues. The High-level Dialogue should start preparations and exchange ideas on concrete actions that could be taken.

21. One of the major challenges today was how to mount a global response to climate change. Concerted global action on mitigation and adaptation required enhanced and innovative financing mechanisms and better avenues for the transfer of cleaner technologies. With its serious social and economic implications, climate change affected everyone. The poorest communities, however, were the most vulnerable. Building resilience in vulnerable countries, including small island developing States and the least developed countries, should be a high priority. The international community's ability to effectively pursue sustainable development would depend on how successful it was in addressing climate change in a timely and concerted manner. That view had been widely expressed at the High-level Event on Climate Change convened by the Secretary-General the previous month. There had also been repeated calls to mobilize political will for a global agreement under the United Nations Framework Convention on Climate Change. The thirteenth session of the Conference of the Parties, to be held in Bali in December, should be the starting point for intense negotiations in order to ensure that such an agreement was in force by the end of 2012. He urged the Committee to send a strong message to that session.

22. The United Nations had moved its focus to implementation, mobilizing and providing practical support to help translate development commitments into action at the global, regional and national levels. That could be seen in the global and regional intergovernmental processes. He had been particularly encouraged by the broad engagement in the Economic and Social Council's first Annual Ministerial Review. He hoped to see even greater energy injected into the first Development Cooperation Forum to be held in mid-2008.

23. The Triennial Comprehensive Policy Review served to establish key guidelines for United Nations operational activities at the country level. When providing those guidelines, the Committee should endeavour to enhance the capacity of United Nations funds and programmes to focus on deliverables. To do that, it needed to address four key questions: aligning United Nations system activities at the country level with national sustainable development strategies and the internationally agreed development goals; increasing the effectiveness and coherence of the United Nations development system; leveraging that system's comparative advantage in what had become an increasingly competitive environment at the country level; and, lastly, increasing accountability, transparency and efficiency by further simplifying and harmonizing procedures.

Keynote address by Professor Edmund Phelps, 2006 Nobel Prize recipient in Economic Sciences

24. **Mr. Phelps** said that, in neoclassical economic theory, there was no underdevelopment. The only development was national wealth accumulation. In a closed economy, that was identical to domestic capital accumulation. In an open economy, it was necessary to add accumulation of assets abroad. National saving was equal to domestic investment plus investment overseas. For domestic capital accumulation and the resulting economic growth, neoclassical economics saw the need only, or mainly, for a legal framework and for rule of law.

25. In real business life, however, there were all kinds of imperfects, in both the information and the knowledge possessed by various categories of participants. In the real world, participants were therefore capable of making huge mistakes and regulations were required to protect them. Regulators themselves might also make huge mistakes, however. Thus underdevelopment did exist in the world — and would exist even with efficient market institutions — owing to imperfect knowledge in the form of technological backwardness; deficiencies of human capital that were hard to make up at all quickly; obstacles to growth arising from corruption in the private and public sectors; the inability of some well-functioning market systems to function well in all environments; and policies that, generally speaking, were ill conceived, such as minimum wage law and unconditional dole.

26. China was a prime example of a country that had emerged from underdevelopment through technological

catch-up. In China, fiscal policy governed the disposable income of households and enterprises as a way of guiding the pace of national saving and, therefore, the pace of investment in Western technologies. On the whole, Chinese enterprises invested mainly in production facilities requiring the smallest technical leap and then worked their way up the ladder. Gradually, the technological gap between China and the leading economies narrowed. The optimum rate of national saving and, therefore, of technological catch-up was extraordinarily high. There was nothing particularly obsessive or irrational, therefore, about China's choice of a very high rate of saving. An important element of the Chinese model was that, as in other economies emerging from underdevelopment, the consumer must incur learning costs when evaluating and using new products on the market. Consequently, consumption tended to fall behind output until the gap was so large that consumption could finally grow at the same rate as output. That was why imports had lagged behind exports. In his view, however, in order for a country to catch up fully, it required not only technological knowledge but also informal knowledge or "know-how".

27. Furthermore, countries needed to innovate if they were to catch up fully and stay up. For example, continental Western Europe had caught up with the technologies in the United States and Canada and with cutting-edge industries in some other countries by the early 1990s, but — generally speaking — had been unable to keep up with technologies in South Korea, Finland, Sweden, Ireland, Iceland, Canada and the United States during the wave of innovative commercial applications of the Internet from 1995 to 2005. Now that productivity growth had slowed to a more normal pace in the latter countries, another episode of catch-up in continental Europe could be expected. Yet, even when continental Europe's productivity had virtually caught up with the frontrunners in the early/mid-1990s, overall performance in continental Europe had still been below that in Canada, the United States and Ireland. Job satisfaction and employee engagement, meanwhile, tended to be lower in France and Italy than in Canada and the United States.

28. His explanation was that continental Europe's economic systems generated less dynamism than those of Canada and the United States. There was direct evidence of lower turnover among the largest firms and higher stock market capitalization. He defined dynamism as the fertility and originality of the economy's business sector in coming up with new ideas of commercial promise; the aptness or shrewdness with which the economy's financial sector selected innovation proposals for development and marketing; and the curiosity and experimentalism of consumers towards new products. Even if the degree of dynamism in the economy's institutional structure remained the same, the growth rate could still rise or fall. Dynamism could not be measured accurately by growth. It should not be taken for granted, therefore, that China would catch up fully with the most dynamic economies of the West. Full catch-up by China would require an extraordinary degree of development among its economic institutions and, perhaps, culture. However, no one could be sure that that was not possible either.

29. There was something profoundly wrong with the Keynesian view of "development" as reaching some static goal, such as high productivity, since that could mean the end of the quest for innovation, creativity and novelty. "Development" therefore ought to be seen as a never-ending process whose continuation was essential for the fulfilment of various human needs.

30. The pressure on China to stimulate consumption and to cut export supply was well known. However, such a narrow view overlooked the gains to the global economy from the bidding up of prices by China and the other surplus countries, which boosted investment expenditures of all kinds and thus counterbalanced trade deficits in the rest of the world.

31. Many economists firmly believed that those who gained from the higher prices of business and other assets should compensate those who incurred losses. However, other economists believed that workers in export trades bore no moral obligation to compensate workers in investment goods trades in periods of high interest rates. Equally, in their view, workers in investment goods trades did not need to compensate export workers in periods of low interest rates.

32. The great moralist John Rawls thought that it was the *ex ante* instances of unfairness that society must rectify, not the *ex post* ones. He therefore believed that disparities in lifetime prospects should be addressed early in life through subsidies and investment in public education. However, he did not foresee Governments

undertaking to create guarantees against the vicissitudes of life.

33. Pollution was another source of unfairness. Under tort law, a person was expected to provide compensation when voluntarily and regularly causing harm to another person. In the same vein, most observers expected the United States and China to take steps to tackle the pollution which they caused. However, while such expectations were reasonable in the long term, it appeared unjust in the short term to expect China to meet the same international standards as the other high-productivity countries, particularly in cases where China was much poorer than the countries it was polluting. Consequently, most experts, justly or unjustly, expected the higher-income countries to share in the cost of reducing pollution from China.

34. Capitalism could not be easily introduced into developing countries since well-functioning capitalism required an intricate network of economic institutions, some of which either did not exist in developing countries or had not evolved sufficiently to enable capitalism to perform better there than corporatist or socialist systems. The regulatory agencies that protected investors and consumers in developing countries were also often inadequate or had been undermined by corrupt practices. However, market socialism and corporatism also needed institutions. It was a mistake to believe that State enterprises were naturally more transparent, non-abusive and non-corrupt than the firms operating under capitalism. In the United States, for example, State entities were often worse polluters than private firms because they were less vulnerable to prosecution.

35. Some countries were relatively well equipped to support corporatism, whereas others were better suited to support capitalism. The problem for the former was that corporatism could block their path towards capitalism. However, increased competition from globalization provided conditions favouring capitalism in some countries.

36. **Mr. Leroy** (Belgium) asked whether it was likely that African countries would catch up with the emerging economies and how the international community could help them to do so.

37. **Mr. Phelps** said that it was important to distinguish between short-term and long-term goals. For example, in the short term Cuba would find it difficult to compete with the flow of cheap goods and low-skilled labour from China. To be in a more competitive position, it should have developed its export market earlier. Other countries in Latin America and Africa were facing similar difficulties. However, in the longer term, it was likely that China would join the ranks of the highly developed countries. As such, China would no longer have massive amounts of low-cost labour and goods to export and so Latin American and African countries would not be in competition with China in that regard.

38. **Mr. Steeghs** (Netherlands) asked how the international community could provide a safety net for African countries in view of the difficult short-term period ahead.

39. **Mr. Phelps** stressed that worsening trade prospects did not necessarily mean that developing countries could not make major gains in other areas. Developing countries needed to focus on the economic institutions that supported and stimulated business activity in general and innovative activity in particular. Less developed countries in Africa and elsewhere should also pursue efforts to increase wages through appropriate State assistance. Generally speaking, a great deal could be done to foster development without the need for increased trade.

40. **Ms. Al Arayedh** (Bahrain) asked how the international community should address the widening development gap.

41. **Mr. Phelps** said that he was not pessimistic about current productivity and technological gaps. The latter could be effectively and easily bridged by the use of the Internet, for example. Technological transfer had also improved enormously over the previous decade and many encouraging opportunities had arisen as a result. For example, Argentina had achieved a level of technological progress that would have been unimaginable 10 years previously. However, to achieve a high level of productivity technological advances must be complemented by managerial expertise and the informal know-how of employees.

42. **Mr. González Pérez** (Cuba) recalled the impact of the economic blockade against Cuba on its exports and stressed that the positive aspects of socialism and corporatism should also be mentioned to balance the comments made in favour of capitalism.

43. **Mr. Phelps** said that abstract comparisons of alternative economic systems should be avoided

because they did not take into account the particular situation in a given country. However, one of the strengths of capitalism was that it empowered individuals in the business sector to use their personal knowledge to make potential innovations. Capitalism harnessed creativity at a very basic level of the economy and gave entrepreneurs the opportunity to succeed in the financial sector. Capitalism could be an excellent economic system if countries had entrepreneurs with access to capital markets, if their financial sectors evaluated innovative new ideas and if they also had consumer sectors receptive to such ideas. In his view, the hostility to capitalism in Western Europe in the early part of the previous century had backfired, leading to alternatives that had proved to be worse.

44. **Mr. Benfreha** (Algeria) asked what regulations and measures were needed at the international level to address market failures.

45. **Mr. Lorenzo** (Dominican Republic) asked to what extent natural disasters and the uncertain oil supply posed challenges to economic growth.

46. **Mr. Alim** (Bangladesh) asked about the global impact of the gap between countries with surplus and deficit economies. He also wondered how developing countries could directly benefit from the global reserve system and how developing countries, particularly in sub-Saharan Africa, could reverse negative trends in the flow of resources. Finally, he asked whether there was a particular model for the application of capitalism in developing countries.

47. **Mr. Kpukumu** (Sierra Leone) asked what components of China's economic institutions and cultures would need to be developed in order for China to catch up fully with the most dynamic Western economies. Why was it that China did not seem to be as dynamic as the Western economies?

48. **Mr. Phelps**, replying to the representative of Algeria, said that the question of international regulations and arrangements for promoting economic justice could not be dealt with in the short time available. The cap-and-trade system which did not require a large global infrastructure, made it possible to estimate how much it would cost to buy the right to produce one unit of pollution and thus to determine how aggressively a given country was curbing its supply of pollution to the world. Elementary passive ideas of fairness might work to produce a fairly good result at the end.

49. Referring to a number of comments on the vital importance of trade, he noted that countries of a good size could provide meaningful and rewarding work and engage in innovation, yet have little or no trade. In the eighteenth and nineteenth centuries, the populations of some countries seemed to have expressed considerable satisfaction with their lives even though, by current standards, their productivity had been abysmal. At present, too much emphasis was placed on quantifiable aspects such as trade and output per hour and not enough attention was being paid to the need for rewarding lives.

50. Replying to another question, he said that the essence of capitalism was new commercial ideas and innovation. There was confusion in the economic profession regarding the difference between capitalism and a free-market economy. The term "free-market economy" denoted an economy with an essentially non-existent public sector, in which the Government bought hardly any goods or services. In neoclassical economics, some people thought that capitalism precluded a welfare State. However, it was possible to have capitalism with a high level of State pensions, a social security system for retired people and a medical-insurance sector run by the State. In his view, capitalism should not be defined by reference to the welfare State at all.

51. Replying to the question regarding China, he stressed that the subject was very complex. It seemed to him that China's financial sector was a candidate for the most profound reforms over the next ten years. If that could be accomplished, the entrepreneurial spirit would flourish in China.

General debate

52. **Mr. Salgueiro** (Portugal), speaking on behalf of the European Union; the candidate countries Croatia and the former Yugoslav Republic of Macedonia, the stabilization and association process countries and potential candidates Albania, Montenegro and Serbia; and, in addition, Iceland, Georgia, Moldova and Ukraine, said that climate change was more than just an environmental problem, as it had a negative and potentially severe impact, both present and future, on several of the objectives of the United Nations. The United Nations system must be prepared to work on the

effort to reduce greenhouse gas emissions and to fight the often irreversible and unavoidable implications of climate change. The forthcoming Climate Change Conference should agree to embark on constructive and comprehensive negotiations involving all countries with a view to agreeing on a post-2012 multilateral regime by 2009. The European Union would continue to demonstrate strong leadership in that area by strengthening its own commitments. However, action by the European Union alone would not suffice to advance the process towards a comprehensive, effective and fair agreement within the framework of the United Nations Framework Convention on Climate Change.

53. The European Union hoped that the work of the Second Committee and that of the General Assembly on the question of financing for development would be seen as a coherent whole and that Member States could work together in a collaborative and constructive spirit to prepare the Follow-up International Conference on Financing for Development to be held in 2008. The Triennial Comprehensive Policy Review was a valuable instrument for Member States to further the efficiency and effectiveness of the Organization's operational activities and to shape its role in the global partnership for development. Although progress had been made since the last Review, more needed to be done to ensure that the United Nations operated in true partnership with and effectively served the needs of all countries, especially developing countries. The 2007 Review would be an important opportunity to strengthen the linkages between the United Nations system's normative work and its operational activities, facilitate progress in overcoming systemic fragmentation and build on ongoing reforms that focused on performance, accountability and results.

54. The European Union would be submitting a draft resolution under agenda item 60 (Towards global partnerships), which would highlight the important contribution of public-private partnerships to sustainable development.

55. The European Union was pleased with the accomplishments of the substantive session of the Economic and Social Council. The first Annual Ministerial Review and the Development Cooperation Forum represented important steps forward in the strengthening of the Council and the follow-up of the Millennium Development Goals. Those efforts would complement others such as the initiative to strengthen system-wide coherence, the improvement of the Council's working methods and the work of the committees that sought to strengthen and focus the efforts of the United Nations on effective responses to promote the achievement of internationally agreed development goals, including the Millennium Development Goals.

56. The European Union remained committed to strengthening and revitalizing the work of the Second Committee and to improving the Committee's working methods. Its members welcomed the efforts of recent years to implement a rolling programme of work and recognized that the success of the programme depended on reports and resolutions being submitted on time. The rationalization of the Committee's agenda should continue, including through further clustering of items and sub-items, and biennialization and triennialization as appropriate. The rational division of work between the General Assembly and the Economic and Social Council should also receive further consideration.

57. While welcoming the opportunity to discuss the important issues to be raised at side events scheduled during the session of the Committee, the European Union wished to stress that such events should not overburden the already full substantive agenda of the Committee.

58. **Mr. Hackett** (Barbados), speaking on behalf of the member States of the Caribbean Community (CARICOM), said that over the past year the Community had made great strides towards the creation of a CARICOM Single Market and Economy. Having established the Single Market, the Community's efforts were now focused on the mechanisms to bring the Single Economy into effect through a process of phased implementation. The Caribbean Community noted with alarm that there were predictions of a downturn in the global economy which would have a negative impact on efforts to eradicate poverty and promote sustained economic growth. The international community must, as a matter of urgency, undertake the task of reforming the present global economic and financial architecture. Enhancing the voice and participation of developing countries in international economic decision-making and norm-setting remained a prerequisite for improving global economic governance. The ongoing discussions on quota and voice reform in the Bretton Woods institutions should result in an increased level of

representation of and a greater voice for small developing countries.

59. CARICOM reiterated its call for the full realization of the development dimension of the Doha Work Programme, including through special and differential treatment for the small and vulnerable economies. At its current session, the Second Committee should send a strong political signal to the trade negotiators in Geneva that the Doha Round must fulfil its development promise, taking into account the needs of developing countries so as to contribute to the timely realization of the internationally agreed development goals.

60. CARICOM wished to reiterate its call for a more comprehensive approach to the debt burden of middle-income developing countries. The Caribbean countries looked forward to further discussions and decision-making on the issue during the Follow-up International Conference on Financing for Development and its preparatory process. CARICOM intended to play an active role in the forthcoming High-level Dialogue on Financing for Development.

61. In recognition of the severity of the threats posed by climate change, the Heads of Government of the Caribbean Community at their Meeting in Barbados in July 2007 had issued their strongest statement on climate change and outlined the parameters for the Caribbean Community's position at Bali and beyond. The priorities of the region in a post-2012 regime were to achieve substantial and legally binding emission reductions in the shortest time possible and significant increases in the level of resources available to developing countries, particularly small island developing States.

62. CARICOM continued to attach high priority to the implementation of the Barbados Programme of Action and the Mauritius Strategy of Implementation. The Caribbean countries remained concerned that no action had been taken to implement the mandate from the General Assembly to strengthen the SIDS Unit in the Department of Economic and Social Affairs. They also called for support from the donor community for the revitalization of SIDSNet.

63. CARICOM intended to contribute constructively to the debate on the sub-item on renewable sources of energy. In particular, its members wished to reiterate their key positions on the issue as articulated at the fifteenth session of the Commission on Sustainable Development, at which they had stressed the need for a substantial increase in the use of renewable energy, creation of a global renewable energy fund and support for regional cooperation efforts of developing countries.

64. CARICOM fully supported General Assembly resolution 61/16 on the strengthening of the Economic and Social Council. The work to be done at the Annual Ministerial Review and the Development Cooperation Forum would provide an important platform for deliberations aimed at creating a more enabling environment for sustainable development and strengthening the implementation of commitments for the achievement of the internationally agreed development goals, including the Millennium Development Goals.

65. **Mr. Akram** (Pakistan), speaking on behalf of the Group of 77 and China, said that further analysis and policy formulation was required, especially in the areas of finance, trade, technology, energy, climate change and global economic governance. The world needed a strategic vision for comprehensive reform of the international financial and monetary system in support of the objectives of rapid, balanced and sustained growth and development in a globalized international economy. Reform must encompass liquidity creation, including special drawing rights, official development assistance and foreign direct investment. Official development assistance to developing countries, especially the most vulnerable among them, remained indispensable. The forthcoming Follow-up International Conference on Financing for Development would provide a valuable opportunity to reach agreement on a comprehensive and effective approach to meet the requirements of developing countries.

66. Regarding the Doha Round, the major trading countries must demonstrate flexibility and political will to reach early agreement. The benefits for developing countries might nevertheless be marginal, and it was currently essential to consider how the primary trade and development objectives of the developed countries might be best promoted and realized. Otherwise, the inequities in the international trading system would continue to delay global economic integration and the realization of the Millennium Development Goals and the internationally agreed development goals.

67. The political focus on climate change worldwide presented both a challenge and an opportunity for developing countries. The Group of 77 and China would establish its own position and strategy to address the issue at several upcoming forums, within the context of sustainable development. Emphasis would be placed especially on the principle of common but differentiated responsibilities between developed and developing countries. At the Bali Climate Change Conference and other events, Member States would have to agree on an international response strategy taking into account important issues, from sustainable development to appropriate implementation mechanisms.

68. Access to technology was critical for sustained economic growth and development in a knowledge-driven world economy. It was important to agree on the best ways for developing countries to access and transfer technology, including measures to deal with the constraints of the global intellectual property rights regime. Research and development on the problems and priorities of developing countries should also be encouraged, including through appropriate private sector incentives.

69. Growth and development were not possible without improved use of energy. It was necessary to forecast energy supply and demand in the coming decades, and to reflect on the steps required to ensure sustainable development in light of those figures. The United Nations and other concerned organizations should collaborate in formulating an internationally agreed strategy on energy for sustainable development.

70. Finally, rich countries could not continue to determine the policies and parameters of the global financial, monetary, trade and technology systems that had a significant impact on the destiny of the poorest countries. The international community must agree on measures to ensure equity in international decision-making on economic and social issues, particularly in the Bretton Woods institutions.

71. The High-level Panel on System-wide Coherence had drawn up a series of recommendations for improving the efficiency and effectiveness of the United Nations development cooperation activities. The recommendations must be reviewed in order to ensure the fulfilment of several objectives, including: the universal, grant, voluntary and impartial nature of United Nations operational activities conducted for the benefit of recipient countries at their request; the acceptance by all of the principle of national ownership in the formulation and implementation of national development strategies; sufficient untied funding for the realization of national goals in pursuit of the Millennium Development Goals and internationally agreed development goals; harmonization and streamlining of the business practices of United Nations funds and agencies; and the coordination and harmonization of United Nations assistance with other multilateral and bilateral development assistance.

72. The Triennial Comprehensive Policy Review should determine the course of United Nations operational activities. Furthermore, it should be driven by the vision of a stronger role for the United Nations on development issues, and by the need to fully implement all agreed commitments.

73. The Group of 77 and China had already expressed concerns related to United Nations Development Programme involvement in human rights, its intention to serve as intermediary between Governments and civil society, the disregard of national priorities when allocating resources, and efforts to suggest policy directions to national Governments. The overarching principle of United Nations operational activities was national ownership and leadership of the process and outcomes by the programme countries. The Group welcomed the Administrator's commitment to issuing an updated version of the Strategic Plan at the first regular session of the Executive Board in January 2008 and hoped that it would be further improved in light of the agreement reached in General Assembly resolution 59/250 on the Triennial Comprehensive Policy Review.

74. It was important to consider steps to ensure implementation of agreed goals and commitments by concerned Member States. Clear, time-bound targets should be established for the fulfilment of Millennium Development Goal 8 and other goals relating to finance, trade, ODA and technology. Consideration should also be given to transforming those targets into more binding commitments, as had been suggested in the context of climate change.

75. It was crucial to strengthen the machinery for the monitoring and implementation of the Millennium Development Goals and the internationally agreed development goals. The current session should be used to achieve consensus on establishing a monitoring

mechanism to track and encourage the implementation of those goals. The first Annual Ministerial Review and the Development Cooperation Forum could be useful in that connection. The Group of 77 and China expected the developed countries to present their strategies for achieving the Millennium Development Goals, particularly Goal 8, during the Annual Ministerial Review. It would be useful to know the extent to which their policies were in line with the guidelines for aid effectiveness and the status of implementation of the commitments undertaken under the internationally agreed development goals.

76. The international community would also have to be mindful of the specific challenges facing the least developed countries, landlocked developing countries and small island developing States, and be responsive to their national plans and strategies for development.

77. **Ms. Asmady** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the High-level Event on Climate Change had demonstrated the international community's strong commitment to overcoming a serious threat. In that context, the Bali Climate Change Conference would set the stage for a just climate regime in favour of development and the poor. The High-level Event was also a stark reminder of the existing poverty that continued to plague the developing world; the expectations of developing countries had yet to be met in that regard.

78. There must be bolder, more rapid action for the implementation of existing international commitments to poverty eradication and sustainable development. ASEAN was hopeful that the forthcoming High-level Dialogue on Financing for Development would play an important role in putting development efforts back on track.

79. Developing countries should continue to foster a climate hospitable to economic growth. Natural resources should be used wisely in the interest of present and future generations. In addition, developed countries should spare no effort to establish an open, rules-based, predictable and non-discriminatory trading system for developing countries. With that in mind, the Doha Round should resume and conclude as quickly as possible. Emphasis should be placed on the participation of developing countries in the decision-making process within international financial institutions.

80. While ASEAN itself represented a rapidly developing area, it recognized that the Asian region still accounted for a significant proportion of the world's poor. Poverty eradication and achievement of the Millennium Development Goals was therefore a continuing priority for ASEAN. To that end, it was seeking to promote the implementation of the Vientiane Action Programme with greater support from the international community.

81. **Mr. Rodger Young** (United States) said that good governance, market liberalization and private sector development all generated success in trade and development. However, as the benefits of economic growth could be unevenly distributed, some countries remained vulnerable to external economic shocks. To limit such risks and reduce global imbalances, the United States encouraged countries to adopt economic policies grounded in good governance, democratic institutions, market systems and respect for all human rights.

82. Partnerships between developed and developing countries continued to be essential to increasing economic development on a global scale. International assistance and debt relief was also important in supporting developing countries; in that connection, the United States had pursued a number of initiatives related to debt relief and development grants.

83. Foreign direct investment and a vibrant private sector could increase economic growth. The United States was a strong advocate of a stable and predictable investment climate, which attracted greater domestic and foreign direct investment. Without appropriate enforcement of contracts and respect for property rights, economies could not reach their full potential. Furthermore, public-private alliances provided an innovative model for improving social and economic conditions in developing countries.

84. The United States also continued to be a strong advocate of the Doha Development Agenda and encouraged greater international trade and development. Successful completion of the Doha Round thus remained a top priority. However, issues under discussion should be negotiated in the World Trade Organization, as it was counterproductive for the United Nations General Assembly to attempt to predetermine the outcome of such issues already under negotiation. Rather, the Second Committee should focus on progress in the agreed development agenda.

85. The United States considered climate change to be a serious issue and had recently hosted a major meeting with a view to developing a broader consensus on a new international approach to energy security and climate change, which would in turn contribute to a global agreement by 2009 under the United Nations Framework Convention on Climate Change. He looked forward to contributing to negotiations at the Bali Climate Change Conference in December. In addition, as the largest bilateral aid donor, the United States supported the General Assembly's efforts to attain the internationally agreed Millennium Development Goals and was fully committed to increasing the effectiveness of all aid, in line with the 2005 Paris Declaration.

86. His delegation remained steadfastly committed to reducing and reversing the spread of HIV/AIDS and, more generally, supported continued focus by the international community on greater strides towards achieving development goals.

87. Finally, successful long-term development could not be achieved without good governance, a robust private sector, a free market and economic growth. The Triennial Comprehensive Policy Review should recognize, promote and mainstream such elements across United Nations development activities.

88. **Mr. Chulkov** (Russian Federation) said that Russia was working to strengthen its potential for providing assistance to countries in need. In that connection, it was observing the current reform of United Nations development assistance with great interest, based on the understanding that its ultimate objective was to increase the effectiveness and efficiency of United Nations institutions with regard to the socio-economic development of each programme country. He was concerned, however, by the increasingly evident polarization of positions and growing attempts to politicize the work of the United Nations in that area. To ensure the efficiency of the Organization, it was essential to strictly observe the principles set out in the intergovernmental decisions regarding multilateral development assistance. Otherwise, there was a real danger that United Nations development assistance might lose its competitive advantage over other forms of assistance and become associated with negative characteristics such as politicization and conditionality. That would in turn greatly reduce the efficiency of such assistance and its relevance to recipient countries' urgent needs.

89. His delegation attached particular importance to the forthcoming Triennial Comprehensive Policy Review and urged Member States to demonstrate responsibility by drawing up a comprehensive, balanced and practical resolution. Furthermore, while national Governments must exercise leadership, it was crucial that the programmes and funds fully comply with the mandates given to them by intergovernmental decisions.

The meeting rose at 12.55 p.m.